

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7026

BILL NUMBER: SB 371

DATE PREPARED: Feb 1, 2002

BILL AMENDED: Jan 31, 2002

SUBJECT: Medicaid Liens and Nonprobate Assets.

FISCAL ANALYST: Kathy Norris

PHONE NUMBER: 234-1360

FUNDS AFFECTED: X **GENERAL**
DEDICATED
X **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill authorizes the Office of Medicaid Policy and Planning (OMPP) to place a lien on a Medicaid recipient's real property if the Office determines that the recipient will not return to live in the property. It provides that OMPP may not obtain a lien or enforce a lien in certain circumstances. The bill provides that OMPP may not enforce a lien against property with a value equal to or less than the statewide average of a homestead. It also requires OMPP to establish rules to determine the average value of a homestead in Indiana. The bill provides that a lien obtained by OMPP is subordinate to a security interest of a financial institution in certain circumstances. The bill also provides that OMPP, for assets not included in a probate estate, may enforce its claim only to the extent that the value of property exceeds the statewide average of a homestead in Indiana. It provides limitations on the liability of a nonprobate transferee who receives property from a recipient. The bill further provides that enforcement of a claim against assets not in a probate estate must be commenced not later than 12 months after the decedent's death.

Effective Date: (Amended) May 1, 2002; July 1, 2002; January 1, 2003.

Explanation of State Expenditures: This bill would expand the ability of the Office of Medicaid Policy and Planning to seek reimbursement for Medicaid benefits supplied on behalf of a recipient. The bill would allow liens on real property of Medicaid recipients which is not allowed under current statute. The real property liens would eliminate certain legal maneuvers intended to keep real property out of the probate estate and beyond the ability of Medicaid to recover. The bill also allows the Office to receive reimbursement from a deceased recipient's nonprobate assets such as trusts or jointly held property.

This bill is expected to provide savings to the state by increasing the reimbursement of expenses incurred for deceased Medicaid recipients who owned assets that could have been used to pay for their care. This note will be updated when an estimate of potential savings is made available by the Office.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: The Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected: County Recorders.

Information Sources: Donna Sembroski, Family and Social Services Administration, Office of General Counsel, (317) 232-1282.